

**Office of Economic Development**  
Mesa Redevelopment Authority Executive Board  
57 E. 1<sup>st</sup> Street  
Lower Level Council Chambers  
Mesa, AZ 85201

**MEETING MINUTES**

**Date:** November 27, 2012 1:00 P.M.

MEMBERS PRESENT

Brian Campbell, Chair  
Tony Ham, Vice-Chair (excused)  
William Jabjiniak  
John Regni  
Virgil Renzulli

STAFF PRESENT

Sue Cason  
Margaret Robertson  
Thomas Webb

GUESTS

Dane Mullenix

**1. Chair's Call To Order**

Chair Brian Campbell called the meeting of the Mesa Redevelopment Authority Executive Board (MRA) to order at 1:04 P.M.

Chair Campbell invoked executive privilege and began with agenda item number 6 (six).

**6. Discuss and possibly take action on report of Alion Science and Technology regarding marketing efforts at Arizona Laboratories for Security and Defense Research (AZ Labs)**

Chair Campbell announced that the US trademark office yesterday approved the use of AZLabs and Arizona Laboratories for Security and Defense and Research. Both are approved by the federal government with supplemental and legal protection provided.

Mr. Dane Mullenix presented an overview of current marketing activities beginning with the October 29, 2012, Air Force Real Property Agency (AFRPA) visit to the lab. After meeting with the City for two hours, the AFRPA then toured the lab and showed surprise at the effort and expense that the City has expended. On October 30, 2012, a Dutch Air Force visited with an occupancy opportunity as the largest tenant. A December contract for lease and occupancy agreement is anticipated. On November 20, 2012, a defense security review went well. Additionally a January 29, 2013, Open House in collaboration with the City of Mesa is scheduled.

Addressing facility maintenance, a winter cooling plant refurbishing was accomplished ahead of schedule. The cost was minimal with a reduction in electricity consumption realized. On August 30th a plumbing issue was repaired when a pipe burst. A fire suppression need that the Air Force did not include in its report will be necessary with an expense expected under \$15,000.

A new directive on security maintenance was completed on October 1st including digital pads, cards and updates with accreditation by DSS (Defense Security Service). The first annual DSS inspection was completed last week. The labs received the highest possible rating. The inspector stated he had never awarded a score this high before to any entity. General Regni inquired if this was an annual requirement with a response in the affirmative from Mr. Mullenix. He further questioned if the superior rating was available for use in marketing the labs. The Board discussed this issue as well as steps to determine the possibility of releasing the information to the public. General Regni contributed that a press release might be in order as well as sharing with the Senate Armed Services Committee. Ms. Robertson requested elaboration on what vulnerabilities were accessed in the inspection. Mr. Mullenix replied the physical facility, the personnel and the electronic security are the focus with internal monitoring as part of the inspection.

Regarding future projects; the two (2) largest projects include a potential change-out of the SES system being negotiated with the City and SRP, and a site wide HVAC system analysis for possible upgrade. The HVAC system upgrade has the opportunity for significant efficiencies in electrical consumption. Mr. Jabjiniak stated that in the last year the electrical costs have increased considerably and has inquired of SRP to determine the cause. The service entrance meter is the main cause of the energy increase due to the age of the meter being at least 40 years old. Since it would be a major expense we will delay the upgrade until the conveyance is finished. Then we will work with SRP to possibly share some of the expense. Mr. Mullenix further interjected that 10 of 11 meters have been upgraded. General Regni inquired about SRP's system checks or the possibility of utilizing solar energy. Mr. Mullenix assured the Board that an ongoing effort by the city to do a broader analysis across the site is being accomplished. Furthermore, a number of government entities have been contacted that have converted to solar for their input. Mr. Jabjiniak stated that SRP had not been allowed to do the proper work in the building prior to the City taking possession of the labs. The Board discussed that when originally installed, the Air Force used their own electrical engineers and that the remaining meter is considered non-supportable and will need to be replaced.

Ongoing marketing efforts include a presentation the week of October 21st in Washington, DC that revealed continued interest, as in months past, in spite of the sequestration issue. Government interest remains strong. With the obstacles in mind, a new contract vehicle is being investigated that would replace current facility clearance expiring at the end of May. Additionally, local contractors are being sought to complete the necessary work. Collateral support is realized with the Alion Business Development support presence in Sierra Vista. Chair Campbell noted the DSA regional impact with Arizona State University and the city show the city's leadership throughout the state.

Alion is supporting and funding marketing efforts by attending large trade shows in the near future. Next week they will attend a trade show in Orlando, FL with two representatives of the lab and a security officer in attendance. Additionally, next week they will attend the TAAC conference in New Mexico exhibiting as AZLabs.

Regarding leasing; a mix of government, academic and corporate entities are showing interest. An academic lead with security credentials is currently negotiating lease terms for office space. A corporate lead with a large footprint appears to be waiting for a



contract. A second corporate opportunity is interested in office, lab and warehouse space but is currently on hold because of the legalese from California to Arizona with discussions resuming the second week of December. Chair Campbell inquired about the Hub Zone designation which prompted a discussion of security and Hub Zone considerations for this particular prospect. A third possible corporate lead is interested in office and fabrication space and will be visiting this week for a second time. The government opportunity is believed to commence negotiations in January with focus on cyber defense. The Board further discussed the logistics of the first and third corporate entities ability to each lease the space desired. They could not coexist, therefore, whichever entity contracts first with AZLabs will be accommodated.

Future marketing events include ISIC next week with primary expense to Alion. Mr. Mullenix and Mary Johnson will be in New Mexico next week where approximately 450 participants are expected. An unmanned systems program review is imminent. An event in Scottsdale in April will give an opportunity to present the project but no exhibit will be displayed. The Board discussed GPEC's trip to Washington, DC in April with the possibility of utilizing this, as well as other trips, to assist with AZLabs presentations.

The lab's Open House scheduled for January 29th will be by invitation only. The Mayor has offered to host this event which was discussed during the DSS inspection. This event will be to a targeted audience to showcase the facility to desired prospects. The Board further reviewed the opportunities at the federal and state level and the need to champion the labs for high impact results.

## **2. Approval of Minutes from the September 25, 2012 Meeting**

Chair Campbell called for a motion to approve the minutes from the meeting held on September 25, 2012.

**MOTION:** General John Regni moved that the minutes from September 25, 2012 be approved as written.

**SECOND:** Mr. Virgil Renzulli

**DECISION:** Pass unanimously

## **3. Items from Citizens Present**

No citizens were present.

## **4. Discuss and possibly take action on Arizona's effort to be designated a National Test Range to Integrate Unmanned Aircraft Systems into the National Airspace System**

General Regni stated that the FAA has notified committees in Congress that discussions have been indefinitely suspended on this matter, noting privacy issues need to be investigated further. General Regni further reiterated that many states and corporations have great interest in this issue. Additionally, discussions with Congress on Arizona's range complex continue to move forward. Chair Campbell inquired if there were any contributions the Board might make on

behalf of this effort. General Regni responded that the FAA has missed congressional deadlines already and committees will have to review and insert amendments. Chair Campbell suggested that an accurate and complete data of the significant expenditures that have already been expended on this project be provided to General Regni.

Chair Campbell inquired regarding opportunities in air space issues. General Regni responded that this is a competitive environment with high standards. ASU will be instrumental in developing the property. AZLabs is looking to Alion to write the technical documents to submit for approval.

**5. Discuss and possibly take action on status of the Economic Development Conveyance (EDC) application for the Arizona Laboratories for Security and Defense Research (AZLabs)**

A confirmation was received that an agreement has been reached in general terms with a first draft expected in the next 10 days. The goal is to see the Economic Development Conveyance (EDC) application process completed in the first quarter of 2013. The Board reviewed the possibility of this matter realistically coming to fruition by the Open House scheduled in January. There is no certainty in this regard at this point. Ms. Margaret Robertson stated that the process is a presentation of the agreement; then it will be put on the agenda for approval. Chair Campbell stated that he did not want this organization to halt the process since no meeting is currently scheduled for the month of December. A discussion ensued regarding the possibility of a meeting in the month of December or a teleconference if necessary to move this item forward.

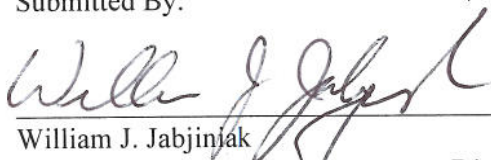
**7. Other Business**

Next Meeting: Tuesday, January 22, 2013, 1:00 P.M. at 57 E. 1<sup>st</sup> Street, Lower Level Council Chamber, Mesa, AZ 85201.

**8. Adjournment**

Mr. Renzulli made a motion to adjourn the meeting and General Regni seconded the motion. Chair Campbell adjourned the meeting at 2:00 P.M.

Submitted By:



William J. Jabjiniak  
Economic Development Department Director  
(Prepared by Jeanne LaRue)